RAJYA SABHA

Tuesday, the 9th *May,* 1995/*the* 19th *Vaisakha,* 1917 *(Saka)*

The House met at eleven of the clock,

Mr. Chairman *in the Chair.*

OBITUARY REFERENCE

MR. CHAIRMAN: Hon. Members, I refer with profound sorrow to the passing away of Shri Kommareddi Suryanarayana, a former Member of Rajya Sabha on the 6th May, 1995 at the age of 88.

Shri Kommareddi Suryanarayana was born in March, 1907 at Village Potunuru in West Godavari District, Andhra Pradesh and had his formal education at his native place.

An agriculturist by vocation, Shri Kommareddi gave up his studies in response to the call of Mahatma Gandhi in 1921 and joined the freedom movement. He also suffered imprisonment several times for participating in the freedom struggle.

Shri Kommareddi made significant contributions to the growth of cooperative movement in Andhra Pradesh and was associated with many cooperative societies in various capacities.

He was a Member of Rajya Sabha representing the State of Andhra Pradesh from April, 1952 to April, 1958. Thereafter, he was a Member of the 4th, 5th and 6th Lok Sabhas from 1967 to 1980. He was a Member of the Estimates Committee of Lok Sabha from 1971 to 1973 and was also a Member of the Select Committees of Parliament on various Bills. He represented the Indian delegation to the Inter-Parliamentary Union meeting at Canberra in 1977.

In the passing away of Shri Kommareddi Suryanarayana the nation has lost a great freedom fighter, an able parliamentarian and a noted social worker.

We deeply mourn the passing away of Shri Kommareddi Suryanarayana.

(Hon. Members then stood in silence for one minute.)

MR. CHAIRMAN: Secretary-General will convey to the members of the bereaved family our deep sense of sorrow and sympathy.

ORAL ANSWERS TO QUESTIONS

आर्थिक विकास

@*481. **श्री जगन्नाथ सिंह:** क्या **वित्त** मंत्री यह बताने की कृपा करेंगे कि क्या सरकार द्वारा लागू आर्थिक उदारीकरण की नीति के कारण पिछले तीन वर्षों के दौरान देश में आर्थिक विकास हुआ है; यदि हां, तो गत तीन वर्षों के दौरान आर्थिक विकास की प्रतिशतता क्या रही है?

वित्त मंत्रालय में राज्य मंत्री (श्री एम० वी० चन्द्रशेखर मूर्ति): जी हां। भारतीय अर्थव्यवस्था में जुलाई, 1991 से शुरु किए गए व्यापक क्षेत्र के आर्थिक उदारीकरण के उपायों के प्रति अच्छी अनुक्रिया हुई है। यह वर्ष 1991-92 में 0.9 प्रतिशत से वर्ष 1992-93 और 1993-94 के प्रत्येक वर्षों में 4.3 तक सकल घरेलू उत्पाद में उपादान लागत पर (1980-81 के मूल्यों पर) अभिवृद्धि दर में वृद्धि से प्रदर्शित हुआ है और इसके वर्ष 1994-95 में 5.3 प्रतिशत तक होने का अनुमान लगाया गया है।

श्री जगन्नाथ सिंह: सभापति महोदय, मैंने दिनांक 25 अप्रैल को अपने पूरक प्रश्न के माध्यम से सरकार से यह जानना चाहा था कि वर्ष—1991 से जब से यह सरकार सत्ता में आई, उस समय पर देश की कुल आबादी में कितने प्रतिशत गरीबी रेखा के नीचे की जिंदगी जीने वालों की संख्या रही है तथा जब सरकार द्वारा देश के आर्थिक विकास के लिए आर्थिक उदारीकरण की नीति अपनाई गई, उसके तहत दिसम्बर, 1994 की स्थिति में कुल आबादी में से कितने प्रतिशत गरीबी रेखा के नीचे जिंदगी जीने वालों की संख्या में कमी आई और यदि कमी आई तो उसका ब्यौरा क्या है, इसके संबंध में सरकार से जानकारी चाही थी। इसका उत्तर नहीं आने की वजह से.....**(व्यवधान)**.....

MR. CHAIRMAN: Are you putting

@Previosuly starred question 301 postponed from 25-4-1995

the same question, the same supplementary?

SHRI JAGANNATH SINGH: Yes.

MR. CHAIRMAN: Then please let the Minister answer.

श्री जगन्नाथ सिंह: इसके साथ-साथ मैं यह भी जानना चाहता हूं कि कुल गरीबी रेखा के नीचे की जिंदगी जीने वालों की संख्या में से अनुसूचित जाति, अनुसूचित जनजाति, पिछड़े वर्ग तथा अन्य सामान्य वर्ग के लोगों की जनसंख्या दिसम्बर 1994 की स्थिति में क्या है?

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Mr. Chairman, Sir, the final estimates of poverty are made by the Planning Commission based on a quinquennial survey data of household consumption expenditure. The survey normally covers over a hundred thousand households. The last such survey, which has been fully processed, relates to the year 1987-88. That is the 43rd round of National Sample Survey. Based on this, the Planning Commission estimates the poverty ratio at 29.9% with 238 million people below the poverty line. The next such detailed survey has been conducted in 1993-94 by the National Sample Survey Organisation and the data are currently being processed. The final estimates of poverty by the Planning Commission, based on this 1993 survey, are expected within a year. So, the position, Sir, is that we don't have comparable estimates of poverty after 1987-88 survey. The 1993-94 survey results are still being processed. When they become available, they will become the property of the House.

MR. CHAIRMAN: Second supplementary, please.

श्री जगन्नाथ सिंह: सभापति महोदय, मैंने 25 तारीख को अपना पूरक प्रश्न पूछा था और 25 तारीख से लेकर आज 9 तारीख हो गई है। इस बीच में सरकार द्वारा वांछित प्रश्न के उत्तर की जानकारी नहीं मिल पाई है। दूसरा मेरा पूरक प्रश्न यह है कि मैं सरकार से जानना चाहता हूं कि देश की कोई भी आर्थिक नीति देश को सुदृढ़ बनाने के लिए तथा आत्म-निर्भर बनाने के लिए तथा प्रत्येक व्यक्ति को आत्म-निर्भर बनाने के लिए सरकार द्वारा बनाई जाती है। तो मैं सरकार से यह जानना चाहता हूं कि आर्थिक उदारीकरण नीति जब नहीं थी, उस समय दिसम्बर, 1991 की स्थिति में कुल आबादी में से बेरोजगारों को जो काम देने की योजना सरकार द्वारा चलाई जाती है, उस तारतम्य में मैं यह जानना चाहूंगा कि सरकारी तथा गैर-सरकारी उद्यमों में अपने देश के कितने व्यक्ति रोजगार में लगे थे तथा उदारीकरण नीति के तहत दिसम्बर 1994 की स्थिति में हमारे बेरोजगारों को रोजगार देने के तारतम्य में कितने लोगों को और अधिक रोज़गार देने के लिए कार्यवाही की गई?

SHRI MANMOHAN SINGH: Mr. Chairman, Sir, the employment estimates made by the Planning Commission showed that if you take the years 1985-86 to 1991-92, the average increase in employment *per annum* was about 5 million people. In the year 1991-92, which was a year of crisis, certainly the growth of employment was much less, that is, about 3 million people. But, in 1992-93 and 1993-94, the average increase in employment was of the order of six million persons per year. That is higher than the average from 1985-86 to 1991-92. In 1994-95, the economy has done much better. Though the overall growth rate has been close to 5.3 per cent, industrial production has increased by about eight to nine per cent. So, when the employment, figures for 1994-95 become available, I expect the result to be much better. There is a clear evidence that except for the initial years, there has been a steady improvement in employment, though I would also not claim that in a short period of three years I have been able to tackle the problem of umemployment fully. There is still a backlog. We have to persist. But we have adopted the right strategy. The experience of the ninteen eighties clearly shows that. Before the nineteen eighties, if you look at the poverty ratio, for the first 30 years, the poverty ratio hovered around 45 to 50 per cent. The growth rate of the economy was no more than 3.5 per cent. If you have an economy growing at a small rate of 3.5 per cent

with the population increasing at 2 per cent, there is not much that we can do with the poverty ratio. So, during the first 30 years of planning, there was no substantial decline in the poverty ratio. In the nineteen eighties, for the first time, when the Indian economy grew at the rate of 5.5 per cent, there was a sharp fall in the ratio of people living below the poverty line. I have already given the figures. One conclusion which is quite clear is that this country needs a strong, buoyant and broad-based employment-oriented growth to make an effective attack on poverty. That is precisely the strategy that our Government has adopted.

DR. BIPLAB DAS GUPTA: Sir, the Minister has stated just now that the highest growth rate that has been achieved since the liberalisation package was introduced was 5.3 per cent. In the earlier years, it was even less. But this 5.3 per cent, the highest so far, is lower than the average growth rate of the nineteen eighties. So, the liberalisation package has not registered an improvement in the rate of growth. In fact, the rate of growth is less than what it was in the eighties. I would like the Minister to respond to this point. The reason could be this: because the savings have gone down, and investment has also gone down. The saving ratio has gone down from 24 per cent—somewhere around that figure—to 20 per cent. The investment ratio has also gone down by the same magnitude. This could be largely because of the policies followed during this liberalisation period. Saving has gone down because of liberal import luxuries, licences were given to various private media operators, television network etc., which has encouraged consumerism. There is a high propensity among the people to consume. So, the saving rate has gone down. The investment rate has also gone down. Private investment has also gone down largely because the public investment has gone down. I would like the Minister to respond to this point. The experience in African and Latin American countries has been that if the public investment goes down, private investment also goes down. So, both saving and investment rates have gone down. The rates of growth in agriculture and industry are also not very remarkable. It is less than the rate of growth of the nineteen eighties. The sum total of all that we see is that the growth rate has gone down. So, my question is whether with the present rate of growth, there is any possibility of India achieving the target of self-sustained growth. Is it possible to achieve this in the next 20 to 25 years? What rate of growth is required to achieve it and to repay our loans? Thank you.

SHRI MANMOHAN SINGH: Sir, we cannot compare a short period of four years with what happened in the previous decade. It is a statistical fact that the average growth rate was 5.5 per cent in the previous years. But in 1994-95, the growth rate was 5.3 per cent. This has to be interpreted against the background of acute crisis that we were in when this Government came to power. We had to impose credit squeeze, we had to impose import squeeze. Industrial production was falling. Inflation was accelerating in double digits. Considering all these facts, I do not agree with the view that the performance of the economy in 1994-95 is unsatisfactory. But I do believe that there is a very substantial scope for improvement in the years to come. I expect that the economy will do better. We need a growth rate of about 6 or 7% to ensure that within a reasonably short period of time, we can get rid of the absolute poverty to the extent that it prevails in our country right now.

The hon. Member asked a question about savings and investment rates. One important reason why there has been a fall in the investment rate is that, in the year 1991, we had a current account deficit which is essentially borrowings from abroad, equal to over three per cent of our GDP. Last year, the current

account deficit, i.e., borrowings from the rest of the world, is no more than half a per cent. Therefore, if you look at the improvement that has come about in the current account of balance of payments, I believe that we are moving in the right direction. There is some doubt regarding the statistical picture about the rate of savings. The Planning Commission have appointed a group to look into this. But the way these statistics are compiled, I am quite certain that in the year 1994-95, you would see a sharp upturn in investmernt as well as savings rates because investment activity has picked up. Capital goods production has increased by over 20%. Once you look at the National Accounts data, when they become available, I expect that the bulk of the shortfall in savings and investment would have been made up in 1994-95. The fact that despite a lower rate of savings, the economy has been growing at the rate of 5.3% is partly because of the increased, efficient functioning of our economy made possible by the liberalised policy. For example, one reasons why savings are now utilised much more efficiently is because of liberalisation of import policies our enterpreneurs do not need to stockpile the inventories. Previously, public sector enterprises, because of shortage of foreign exchange, used to pile inventories running over two years. Now, there is no such urgency. If you look at the National Accounts data, there is a fall in the amount of investment in the inventories. That is a good thing, not a bad thing. I expect that if this trend countinues, with the same rate of savings and investment, you will get at least one per cent additional growth rate of the economy.

DR. BIPLAB DASGUPTA: The question I asked was about the global experience.. Is this not true, will the Finance Minister confirm, that wherever the structural adjustment programme has been introduced, i.e., Africa and the Latin American countries, there has been a fall both in public investment and private investment? Public investment is going down because it is a deliberate policy engineered by the World Bank and the IMF. They want public investment to go down and as a result of this, private investment has also gone down. Is this not true that this is a global experience? Is it also not true that despite all the encouragement given to the private sector, the private sector is not responding as much as the hon. Finance Minister is expecting?

SHRI MANMOHAN SINGH: Sir, I do not claim to be an expert on the problems of...*(interruptions)*...

DR. BIPLAB DASGUPTA: Who else is?

SHRI MANMOHAN SINGH: I do not claim to be an expert on the problems of Africa and Latin America. But I would like to submit that the whole world today recognises—I think the hon. Member may not share that but the whole world recognises that of all the adjustments and structural reforms implemented in the Third World countries, India's has been the smoothest ongoing programme. It has achieved a positive result in the shortest possible period of time.

SHRI JAGMOHAN: Sir, I would like to know whether it is a fact that whatever economic growth has taken place, it is largely at the expense of the quality of life. For example, the land price and housing price in all the metropolitan cities have increased greatly, forcing even the people living in the low-income and middle-income groups to live in slums. That has reduced the quality of life everywhere. Is it not true that this export-led growth really means nothing but export of cheap labour and export of our environment?

SHRI MANMOHAN SINGH: Sir, first of all, I would like to say that we are not pursuing what the hon. Member calls an export led growth model. We are not following a model imported from anywhere. We have a model which is suited to be needs of our economy, and I would respectfully submit that under any

conceivable strategy of development, if you want India to become self-reliant you have to increase your exports. In the 1980's we had a huge trade gap. Only about 60% of India's imports were being met by exports. If India wants to become self-reliant, it should be able to finance all its import needs through its exports. Today 90% of India's imports are being financed by our own exports. Our exports in the last two years have increased by almost 40% and in terms of jobs that might have been created you can well imagine what difference it has made to our economy. I am not an expert on the quality of life, but I have seen indices such as the infant mortality rate, which are usually compiled in this regard. There was a retrogression in the year of crisis. If you look at the real wage rates of agricultural labourers there was, I think, a decline in the year of the crisis 1991-92 but all the figures that I have with me and which have been given in the Economic Survey that I presented to parliament, show that after 1991-92, there was improvement by 1993-94. I think the loss was more than made up.

SHRIMATI MIRA DAS: Sir, three years have passed since the economic reforms had been introduced. Because of our long standing democracy the transparency in our information system is better than in any of the controlled economies. In spite of the large size of our economy and because of the comparatively good communication system we are getting all transparency of our system. Sir, poverty is concentrated in India mainly on agriculture and small scale industries. As the hon. Minister has mentioned about some growth in the economic sector, I particularly want to know about the growth rate in agriculture and small-scale sector.

SHRI MANMOHAN SINGH: Sir, I will be speaking from by memory because I don't have the figures with me, but my recollection is that our agricultural growth rate is in the order of 2.6 to 2.8%. As far as the small industries' growth is concerned, the figures that I last saw point to a growth rate of 7% plus.

प्रो॰ विजय कुमार मल्होत्रा: सभापति महोदय, माननीय वित्त मंत्री जी ने यह बताया है कि ज्यादा रोज़गार प्राप्त हुआ है परन्तु जो फिगर्ज़ हैं उनके अपने एंप्लायमेंट एक्सचेंजेज़ में पिछले तीन साल में 20 लाख और लोगों के नाम दर्ज हुए हैं और अब 3 करोड़ 70 लाख हो गए हैं। पिछले तीन साल में लगातार डिक्लाइन हो रहा है। जो नौकरियां एम्प्लायमेंट एक्सचेंज से मिलती हैं 1991 में 2 लाख 53 हजार, 1992 में 2 लाख 38 हजार, 1993 में 2 लाख 31 हजार अर्थात् लगातार नौकरियां मिलने में कमी हो रही है और जो मिलें बंद हो रही हैं उनकी छंटनी हो रही है और लाखों स्माल स्केल और कांटेज इंडस्टीज़ बंद हो रही हैं। तो ऐसी हालत में जो आपके प्रोग्राम हैं वे थोड़ से अमीर आदमियों को उसने फायदा पहुंचाया है। वह मामूली सा भी ट्रिकल डाउन नहीं हुआ। क्या इसके बारे में में आप बतायेंगे कि ऐसी स्थिति कैसे पैदा हुई?

SHRI MANMOHAN SINGH: Sir, I don't share the perception that the economic reforms programme is benefiting only a small section of the population. For the first time, India's agricultural exports are doing well which they have never done before. A large number of our farmers, small and marginal farmers, who are engaged in horticulture and related activities are the biggest beneficiaries of the programme of liberalisation. Sir, the small scale industry is also doing much better than before and the false notion of closure of factories, these alarms, are not substantiated by any figures I have seen. Employment is going to increase as a result of the various investment proposals that are in the pipeline. They involve a very substantive increase in employment. Our Government has also said that wherever enterprises are getting into difficulties, we will do nothing to hurt the workers. Even when restructuring of enterprises becomes necessary, we will protect the wages of the workers till they can find alternative jobs and till they can be retrained or redeployed elsewhere. Therefore, there is no basis for the

conclusion that as a result of this Government's activities of economic reforms, employment opportunities have declined and I have not seen any such figures.

MR. CHAIRMAN: Question No. 482...*(Interruptions)*... I am sorry, we have almost taken half an hour for discussion.

News-item captioned "Tax-proposals will lead to evasion"

*482 SHRI O.P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether the attention of Government has been drawn to the news-item which appeared in the Indian Express, dated the 11th April, 1995, under the caption "Tax proposals will lead to evasion: I.T. official"; and

(b) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.

(b) The new scheme of assessment of undisclosed income determined as a result of search is proposed to be introduced in order to make the procedure of assessment of search casses effective, efficient and meaningful. There is no basis for the criticism in the newspaper that the proposal will lead to tax evasion. In fact it will help speedier disposal of search assessments.

श्री ओ०पी० कोहली: माननीय सभापति जी, मैं मंत्री महोदय से जानना चाहूंगा कि आयकर विभाग के पास कर चोरी के मामलों में कड़ी कार्यवाही करने के बहुत व्यापक अधिकार होने के बावजूद देश में बड़े पैमाने पर समानान्तर अर्थ-व्यवस्था अर्थात् "पैरेलल इकॉनोमी" जारी है, इस स्थिति से निपटने के लिए सरकार ने पिछले तीन वर्षों में कौन-कौन से कदम उठाए हैं? ये कदम कितने प्रभावकारी सिद्ध हुए हैं और कर-चोरी के जिन मामलों में वर्ष 1991-92, 1992-93 और 1993-94 में तलाशी ली गयी, उसके परिणामस्वरूप कितनी कर वसूली हुई?

SHRI M.V. CHANDRASHEKARA MURTHY: Sir, as regards the fight against the black money menace, we are taking a number of steps. We have intensified surveys and we are conducting searches and I wish to inform the hon. Members that, in 1991, we conducted 3,468 searches. The value of assets seized was Rs. 179.35 crores, and the amount concealed/surrendered was Rs. 188.35 crores. In the year 1992-93, the number of searches was 4,777, the value of assets seized was 384.02 crores and the amount of concealed income surrendered was Rs. 501.05 crores. In the year 1993-94, the number of searches was 5,026, the value of assets seized was Rs. 396.45 crores and the amount of concealed income surrendered was Rs. 448.82 crores. In the year 1994-95, the number of searches was 4,830 and the value of assets seized was Rs. 381.42 crores. The amount of concealed income surrendered was Rs. 477.08 crores.

MR. CHAIRMAN: The second supplementary, please.

श्री ओ०पी० कोहली: सभापति जी, मेरा दूसरा सप्लीमेंटरी यह है कि अन-डिस्कोलज्ड इनकम के डिटेक्ट होने पर और डिटरमिन होने पर जो एसेसमेंट ऑर्डर पास किया जाता है, उस पर एसेसमेंट ऑर्डर के खिलाफ "अपीलेट ट्रिब्युनल" के स्तर तक अपीलों के निपटारे के लिए क्या कोई समय-सीमा या टाइम-लिमिट तय की गयी है? क्या पी०ए०सी० ने इन अपीलों के निपटारे के लिए समय-सीमा निर्धारित करने की सिफारिश की है और क्या सरकार ने पी०ए०सी० की सिफारिश को अमल में लाने के लिए कोई कदम उठाए हैं? सभापति जी, मेरा यह भी सवाल है कि पिछले तीन वर्षों में जो सर्चेज किए गए हैं, सीजर्स किए गए हैं, उनके परिणामस्वरूप सबसे बड़े या "टाप डिफाल्टर्स" कौन-कौन से हैं?

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Sir, under the present rules and regulations of searches and seizures, when a search is made and when some valuable assets are seized, then summary assessment has to be made in 120 days. And where no valuable assets are seized, the normal process applies. But, in all such cases, these cases have to be completed in a period of two years But. very often it turns out that these assets relate to a large number of previous years and we have to trace the income back and that